

SECRET

## AGENDA

- Tab A      Agenda and Backup Papers    + NIC     Comments    25X1
- Tab B      Polish Update (To come by LDX) ASAP to you at CHB
- Tab C      Recent Reporting on Poland
- Tab D      Other Areas of Concern
- Tab E      Papers from 19 Jan meeting Grain shipments to USSR

AFC/CIO — 2 wks grace on Grain Report  
What further steps/actions

SECRET

27 January 1982  
As of 1400

TALKING POINTS FOR THE DDCI

Jaruzelski faces numerous difficulties that threaten his current firm hold on the reins of power. The situation in the country remains unstable as the party leadership appears divided, Solidarity tries to organize resistance, the economy slides, and the popular mood sours.

-- Archbishop Glomp has recently expressed apprehension that the current stalemate will lead to popular unrest and violence.

-- A close adviser to Jaruzelski, has publicly admitted that there is a danger of spontaneous protests against price hikes and that the economy is deteriorating because of Western sanctions.

In his speech on Monday, Jaruzelski failed to chart a clear course out of the current control phase.

-- Moderates and hardliners apparently are still jockeying for primacy in the leadership.

-- Concerns about control will prompt the government to keep basic martial law restrictions in effect beyond spring and to use whatever force is necessary to suppress resistance, despite Jaruzelski's ambiguous promises on Monday.

Solidarity continues efforts to organize resistance. A National Underground Committee consisting of 18 Solidarity leaders from the Warsaw region evidently has been set up as the nucleus of an eventual nationwide infrastructure.

-- Short sporadic strikes are occurring that show the initial shock of martial law is wearing off.

-- Archbishop Glomp visited Walesa last Sunday and found him in good spirits. The Primate also talked with senior Solidarity officials in a camp and described them as more determined than ever not to negotiate before they are unconditionally freed.

25X1

TOP SECRET

25X1

25X1

-- Archbishop Glemp, and other senior Church officials travel to Rome next week to discuss the situation.

-- Despite this public criticism of martial law, Archbishop Glemp seems to view Jaruzelski as a moderate and may be inclined to be more supportive of the General.

-- The Church appears divided on supporting Jaruzelski, however, and cannot go too far in any event without risking its credibility. A member of Glemp's delegation to Rome is reportedly a hardline Bishop who may take issue with Glemp's approach.

The economy continues to struggle because of worker malaise, bad weather and raw material shortages exacerbated by Western sanctions.

-- Delay in formulating policy may only deepen the economic slide.

-- Consumers face massive price hikes in early February and continuing low meat rations.

-- On the debt, Warsaw is talking today with bankers on paying its interest by mid-February so that the 1981 private debt rescheduling agreement can be signed later in the month.

-- The Poles have not even begun to tackle their 1982 debt service of \$10 billion; Western governments in mid-January suspended 1982 debt relief discussions.

The Polish economy is feeling some of the effects of Western sanctions and will feel them even more in coming weeks.

-- Credit cutoffs will make it harder for Warsaw to import industrial materials and to service its debt.

-- Continued suspension of grain credits will intensify fodder shortages. Some distress slaughtering of poultry may have already started because of lack of US corn.

-- There is mixed opinion among Poles on US sanctions. Many Poles welcome US condemnation of martial law, and some contacts have praised the sanctions. Both Archbishop Glemp and the Pope, however, fear that privation induced by the cutoff of feed grains could contribute to public unrest and possibly violence.

TOP SECRET

25X1

25X1

TOP SECRET [REDACTED]  
[REDACTED]

25X1

25X1

- The regime has complained bitterly about the sanctions, and is trying to blame them for many economic ills, to discredit the US with the populace and to drive a wedge between the US and the Allies.

The West Europeans are moving slowly toward restricting some economic relationships with Poland and the Soviet Union, but they are not likely to move much further unless the situation significantly deteriorates.

- The allies believe that maintaining economic relations can have a restraining influence on the Soviets.
- They generally believe that economic sanctions hurt more those applying them.
- They believe that strong sanctions might actually work against their goal of encouraging some Polish reform.
- West European trade with the East is substantially larger and more important to individual Allied countries than is US trade with the East.

The West Europeans often cite continued US grain exports to the Soviets as evidence that the US is also protecting its important economic interests.

- Most probably would participate in a grain embargo as they did in the Afghanistan case, but would still be reluctant to take other measures.

The Allies generally would oppose any triggering of Polish default. They believe that the Western has maximized its leverage through the present "wait-and-see" posture about refinancing.

TOP SECRET [REDACTED]  
[REDACTED]

25X1

25X1